



A New
Generation is
Changing the
Face of State
Government

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Seeking Work

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Financial
Serenity

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FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts, September 2008

AUGUST REVENUE (IN MILLIONS): SALES TAX: \$2,008.0 OIL PRODUCTION: \$159.2 NATURAL GAS: \$307.4 MOTOR FUELS: \$259.7 MOTOR VEHICLE SALES: \$280.5 TOBACCO: \$114.0

Around Texas

Bizjournals, publisher of the popular American City Business Journals, has ranked Houston, Austin and Dallas-Fort Worth as the top three cities respectively in a study of U.S. job markets. The study, "America's 10 Hottest Business Markets," also ranks San Antonio sixth in the nation.

American Airlines is one of the "Top 60 Companies for Hispanics," according to a study published by *Hispanic Business*. The Dallas-based company was ranked 32nd in the report, which used variables including hiring data, promotions and marketing and supplier diversity.

Marble Falls has been rated by CNNMoney.com as one of "Six Terrific Towns on the Water." The publication cited affordable home prices, natural resources and the planned construction of a new regional health center.



Marble Falls, Texas

The Well-Seasoned Work Force

Texans are living — and working — longer in the new century.



Texas is aging — but aging isn't what it used to be.

The average age of all Americans has moved steadily upward in recent years, due to the graying of the nation's 76 million baby boomers. While Texans are younger than the national average, the effects of this behemoth generation's passage through history are being felt here as well.

But don't invest in rocking-chair companies just yet. Many of today's seniors, the healthiest and longest-lived in U.S. history, are likely to pass on traditional retirement and stay active. And they can play a major role in the economy at a time when the overall labor force is growing slowly — if they can get the flexibility they need to stay productive and enjoy life, too.

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A State of Change

An older work force yields a new generation of state employees.

Texas government agencies have a big task: Replace an aging work force with a younger one that has varying views on issues such as money, family and authority.

More than 155,000 Texans worked for state agencies in fiscal 2006. In fiscal 2007, more than 25,000 people left state employment, a turnover rate of more than 17 percent. The turnover rate was a 10 percent increase over fiscal 2006 and the highest in five years.

“State service is changing,” says Ann Fuelberg, executive director of the Employees Retirement System of Texas. “More workers are retiring at their earliest eligibility and opening the ranks to a younger generation.”

Annual retirements in the 2000s have averaged about 1,700 more than in the 90s, and nearly one-third of state workers are age 50 or older, meaning the state may continue experiencing a retirement increase. Since

1998, the Employee Retirement System has paid more than \$9.5 billion in retirement annuities, almost tripling the amount paid from 1988 to 1997.

An eligible work force of more than 11.5 million means there are plenty of Texans to fill those jobs. Recruiting and retaining them is the challenge.

Generations Merge

With baby boomers — those 48 to 62 years old — beginning to retire, two distinct age groups follow. Generation X — 28 to 47 years old — and millennials, also called generation Y — 18 to 27 years old — represent almost 65 percent of the state’s eligible work force. Both groups differ from their predecessors.

According to the State Auditor’s Office (SAO), baby boomers see money as a sign of recognition or status and are often workaholics who live to work, rather than having a work/life balance. Gen Xers, meanwhile, tend to view money as a means to freedom and independence. They want balance in

their family and work lives and will challenge others in the workplace. Millennials also want balance in their family and work lives and look upon money as a means to support their lifestyle. But they are more apt to want total collaboration with work superiors. Similar to gen Xers, they can multitask and are technologically savvy.

Economic conditions, however, could help shape some of those views. Fuelberg says the stability of state jobs may become attractive to younger workers.

“Texas has established a solid benefits package that clearly appeals to employees who place great value on their health insurance and the security of their retirement plan,” she says.

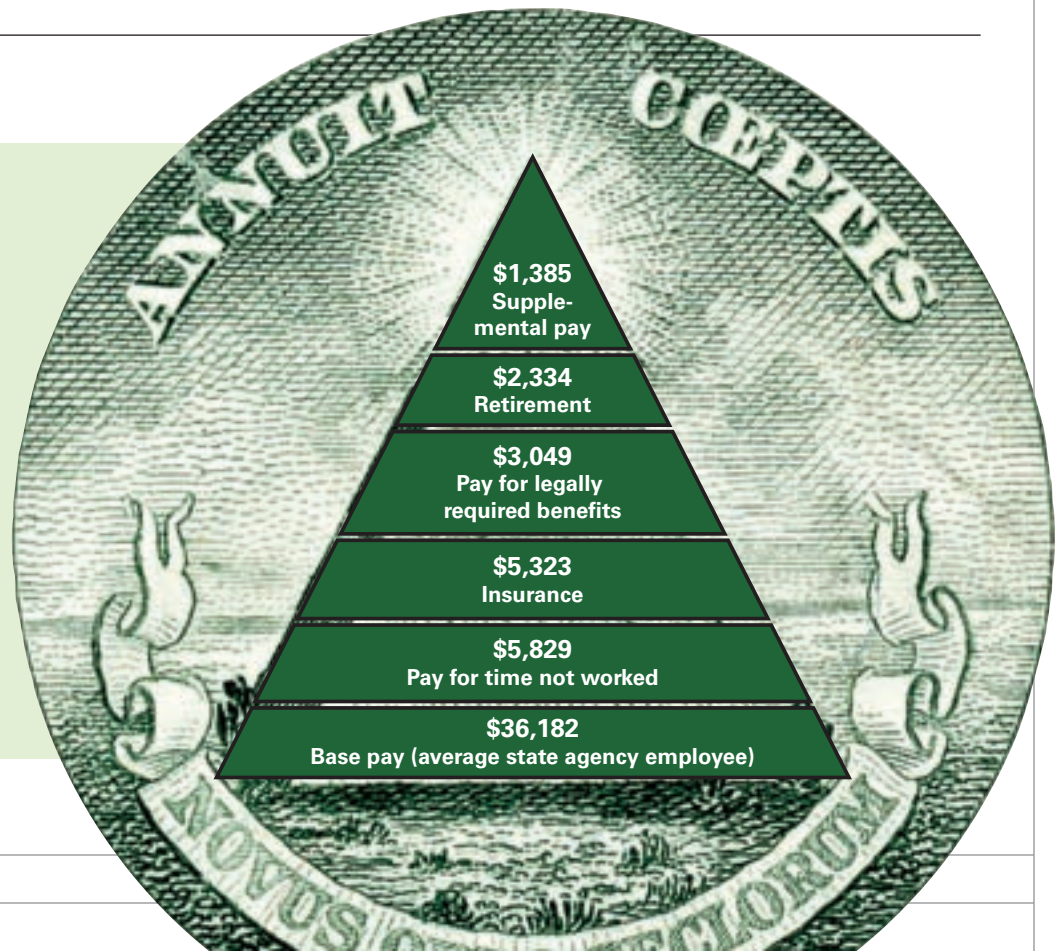
Connecting People with Positions

Texas state agencies still employ some tried-and-true methods of attracting new workers, posting job vacancies in hardcopy format or advertising them in newspapers. But the explosion in Internet and wireless

State Benefit Break Down

Based on an average annual base salary of \$36,182, state employees enjoy a benefits package that totals more than \$54,000, including health insurance, paid holidays, sick leave and vacation pay.

Source: State Auditor’s Office





Generational Differences in the Workplace

Today's work force comprises three distinct groups of Texans.

	Baby Boomers	Generation X	Millenials
Current Age	48 to 62	28 to 47	18 to 27
Basic Outlook	optimistic and positive	skeptical and curious	hopeful and confident
The Meaning of Money	recognition and status	freedom and independence	the means to maintain their lifestyle
Core Values	optimism, involvement	skepticism, fun, informality and independence	realism, confidence, extreme fun, social
Strengths on the Job	teamwork and dedication	adaptability, creativity and techno-literacy	multitaskers, tech-savvy
Challenges on the Job	uncomfortable with conflict	impatience, weak interpersonal skills	expect convenience
On Work Hours...	time management	if I finished my work, why am I still here?	I'll work as late as you want, as long as I'm not bored

Source: Employee Retirement System of Texas

communication technology over the past decade has provided new avenues for reaching potential job seekers.

"You still have to do the standard hard-copy postings, but the Internet is very useful," says Ralph Osio, a recruiter for the Texas General Land Office (GLO).

Robert Doyal, a millennial and a senior Web designer/developer for the Texas Comptroller's office, began his career in state government after a friend mentioned a job posting on Craigslist, the popular online community bulletin board. The Internet helped him research the agency's role and prepare for his interview, he says.

"The Internet played an important role in locating and applying for this position," says Doyal. "Those who interviewed me spoke passionately about their work and their

responsibility to the citizens of Texas. Their energy was contagious."

The GLO has used job-posting Web sites similar to Craigslist and Monster, and still uses plenty of newspapers' job postings. But the agency has also had success with postings circulating through professional LISTSERVs and by posting directly to various university Web sites — in a school's career services area, for example.

"The college lists have been great," Osio says. "We've had great response among the student population."

All state agencies are required to post jobs at www.workintexas.com, but the State Auditor's Office (SAO) receives added Internet exposure through print ads. A Sunday ad in the *Austin American-Statesman*, for example, nets the agency its print ad, plus weeklong

postings on the paper's Web site as well as on Yahoo's Hot Jobs Web pages. In addition, the SAO posts entry-level audit positions on college career services Web sites, and senior and specialty positions on industry Web sites such as the Information Systems Audit and Control Association.

"We get a good response rate from online postings," says Janet Macdonald, a human resources specialist with the SAO, which typically receives more than 300 applications for entry-level audit positions, including out-of-state applicants. And many of those applicants are fresh from college, Macdonald says. **FN**

State government jobs are posted online at www.workintexas.com, and information on the state's benefits package is available at www.ers.state.tx.us.

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The Well-Seasoned Work Force

Gray Texas

Texas is still a comparatively young state, with a median age of 33.1 years versus 36.4 years for the nation.

But the impact of aging boomers is being felt here. The Texas State Data Center projects that the median age of Texas residents will fall between 35.3 years and 36.7 years by 2020, depending upon various assumptions concerning birth rates, mortality and immigration. By 2030, the anticipated median age will be from 37.1 to 38.5 years.

And Texans are more likely than other Americans to continue working after 65. According to the U.S. Census Bureau, 2.3 million Texans were aged 65 or older in 2006, and 15.6 percent of them — more than 363,000 — were still in the labor force (defined as those employed or actively seeking work). In the national work force, by contrast, just 14.5 percent of those 65 or older remained.

The Long Shift

Historically, American seniors often remained on the job well into what we now think of as retirement age. In 1948, for instance, 27 percent of Americans aged 65 or older were still in the labor force, as were 47 percent of all males.

But the share of seniors working declined steadily over the next several decades, due in part to the development and expansion of government programs such as Social Security, which first began making monthly payments in 1940.

Rising incomes played a role as well, as did the changing nature of retirement itself. As living standards and health care improved, retirement came to be seen less as a relatively brief respite before death and more as a new phase of life.

Seniors' participation in the work force finally bottomed out in 1985, when just 10.8 percent of them were working or seeking work.

Since then, however, senior participation has risen fairly steadily. And in recent years, the share of workers remaining on the job after 65 has increased sharply. In 2007, 16 percent of them were in the work force.

Still on the Job

According to a recent report by the U.S. Bureau of Labor Statistics (BLS), the number of employed Americans aged 65 and older rose by 101 percent between 1977 and 2007; the total number of employed Americans, by contrast, rose by just 59 percent over the same period.

Older women accounted for much of the increase in senior workers. Over the 1977-2007 time period, the number of employed women aged 65 and older rose by 147 percent, nearly twice as fast as the 78 percent rate for men.

Some of this trend can be attributed to the overall increase in population — but not all. According to BLS, the total U.S. population rose by just 60 percent between 1977 and 2007. The much higher increase in 65+ employment makes it clear that an increasing number of seniors are staying on the job or returning to the labor force.

And these patterns occurred independently of the baby boomers, the oldest of whom have not yet reached the age of 65. Their aging will only accelerate the trend.

The BLS report estimates that the total number of U.S. workers will rise by just 8.5 percent between 2006 and 2016 — but the count of workers aged 65 and above will rise by more than 80 percent over the same period. The number of workers aged 25 to 54, by contrast, will remain almost static, increasing by just 2.4 percent.

"If you look at the demographic trends, we really aren't growing the domestic labor force very rapidly, and probably won't for the next 20 years," says Christopher King, director of the Ray Marshall Center for the Study of Human Resources at the University of Texas' Lyndon B. Johnson School of Public Affairs. "You can pick almost any occupation you want — machinists, teachers, nurses, doctors — and we're simply not going to be able to meet the demand with workers in the prime working ages. We need seniors to be working longer."

"We need seniors to be working longer."

— Christopher King, director of the Ray Marshall Center for the Study of Human Resources

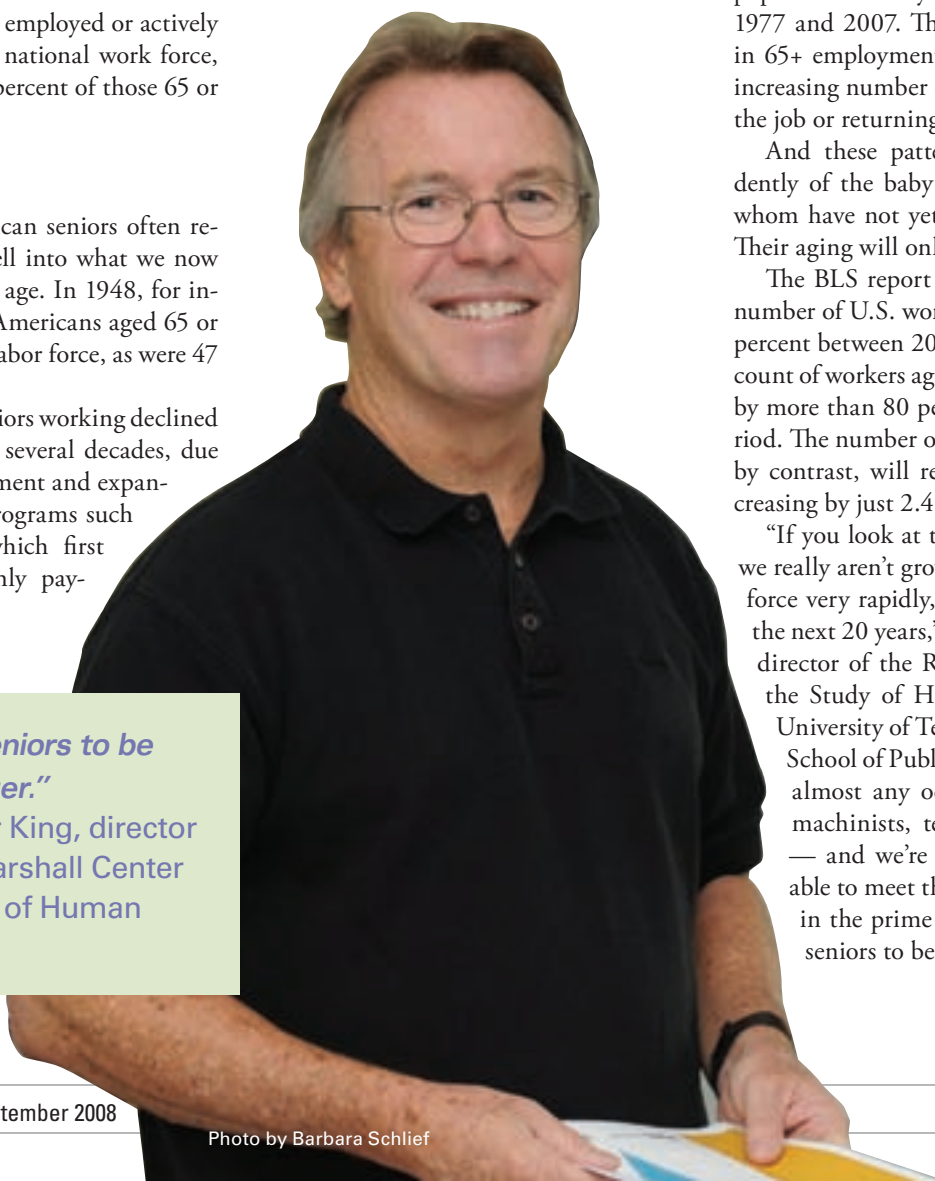


Photo by Barbara Schlieff

Preference or Necessity?

Some older people, of course, continue to work because they must. A recent survey by AARP found that more than a fourth of the nation's workers aged 45 or older have postponed plans to retire, a finding the organization attributed to poor economic conditions.

"There's more uncertainty," says King. "Even if they've been putting away money for retirement, given what's been happening in the stock market, they're nervous. So I think that even if people take retirement, they're going to keep on working in some fashion because they just don't know how well their investments are going to pan out."

"Many can't afford to [retire]," says Mary B. Young, a senior researcher with the Conference Board who studies issues related to the aging work force. "This is going to be common for boomers. It's not only about needing additional income, it's also about needing health benefits."

Regardless of their economic circumstances, however, many persons nearing the traditional retirement range have no inclination to trade the workplace for a fishing pole. They simply have too many years of health and vitality before them, and that time seems to be lengthening steadily. The U.S. Centers for Disease Control reports that each American's average life expectancy at birth rose from 68.2 years in 1950 to 77.8 years in 2005, and medical breakthroughs are expected to further lengthen life spans.

"Boomers are going to live longer than any preceding generation," Young says. "The prospect of retiring at a 'normal age' leaves them with a huge expanse of time that's much longer than when the retirement age was originally set at 65."

And many will choose to stay active. In 2003, for instance, AARP reported that 68 percent of workers between the age of 50 and 70 planned to work in retirement or simply to never retire.

The Senior Advantage

Older employees offer real advantages. "There are traits older workers tend to have that are very desirable," says Young. "They tend to have very good customer service skills. And because they're older they tend to have good judgment, a kind of wisdom they can provide."

And retaining older workers is good for businesses' bottom line. The National Governor's Association reports that replacing a seasoned worker can cost business the equivalent of half of the worker's annual salary — as well as valuable institutional knowledge. And older workers benefit the broader

economy, since they are less likely to rely on social programs for income and benefits.

Furthermore, the notion that older workers may be "slowing down" is a cliché at best. A 2005 AARP study, for instance, found that "Older workers are more motivated to exceed expectations than their younger counterparts."

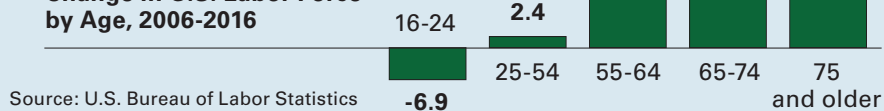
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Fast Growth in the Older Work Force

The U.S. Bureau of Labor Statistics expects the U.S. labor force to grow by just 8.5 percent between 2006 and 2016 — but the senior work force will expand nearly 10 times as fast. The number of youngest workers, those aged 16 to 24, has declined by 6.9 percent.

Projected Percentage Change in U.S. Labor Force by Age, 2006-2016



Source: U.S. Bureau of Labor Statistics

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The Well-Seasoned Work Force

“When we surveyed older employees, we found that a significant number of them still want to progress in their careers,” Young says. “It’s a common mistake to assume that, because somebody’s at a certain age, they must be thinking about phasing out.”

But older workers do want more flexibility in their work schedules. “The majority of baby boomers say they want to keep working,” says Young. “But they all want flexibility. They might want to work seasonally, or part time, or on a project basis.

“Boomers are going to live longer than any preceding generation.”

– Mary B. Young, the
Conference Board

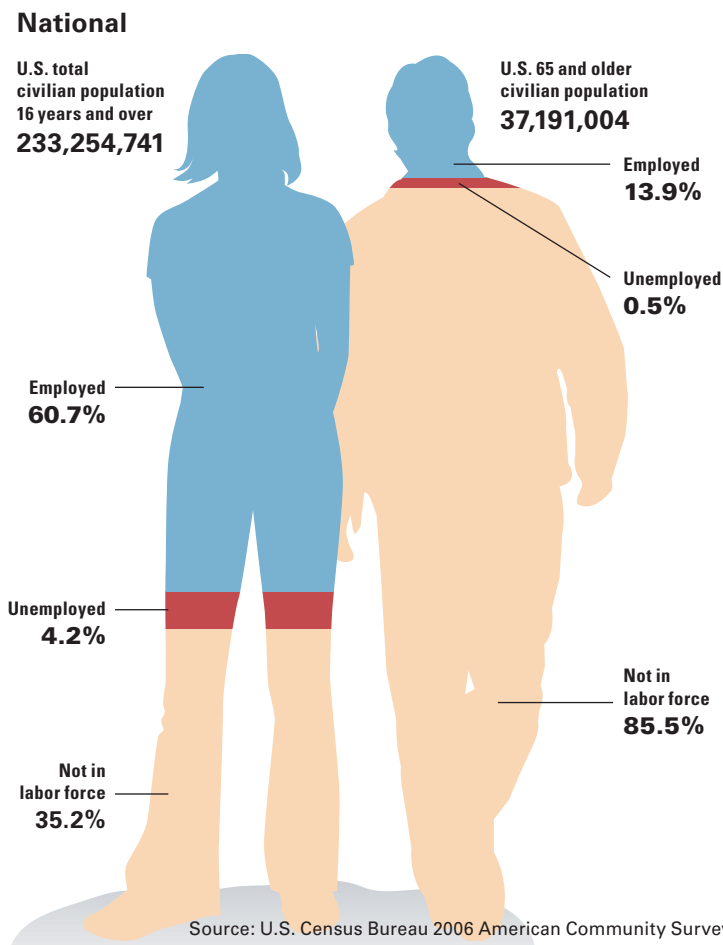
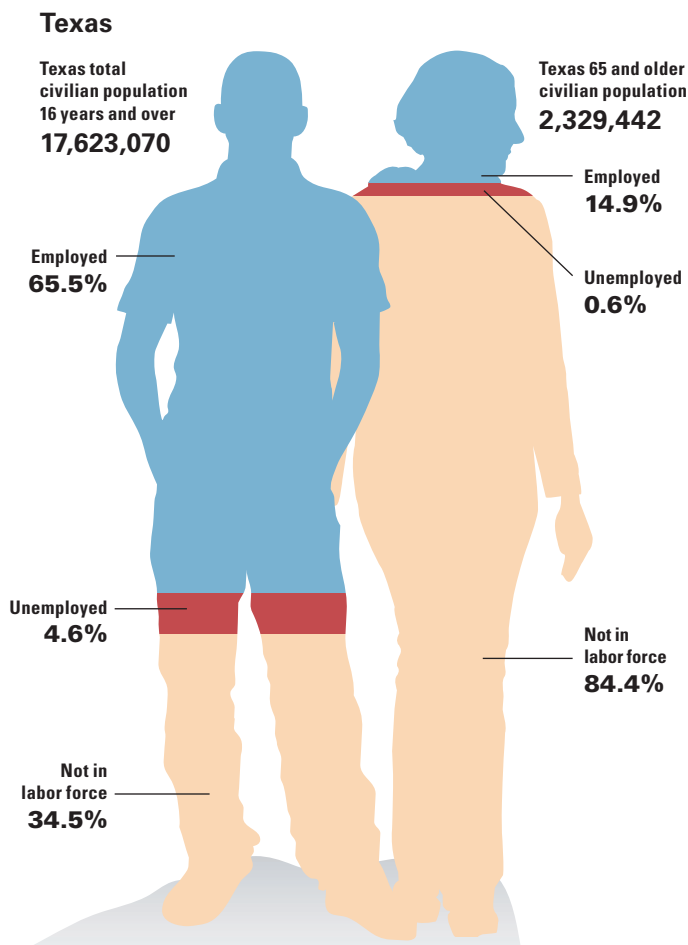
“There’s what we call phased retirement, and it can come in many forms, such as re-hiring retirees for limited amounts of time, or allowing someone to go from full time to part time,” Young says. “Some form of it would clearly meet the needs of many

older people, and could meet the needs of companies as well. It’s particularly good because employers can use phased retirement as a way to transfer knowledge from one generation to the next.” **FN**

For more information about seniors in the American work force, see the Bureau of Labor Statistics’ July 2008 “Spotlight” report at www.bls.gov/spotlight/2008/older_workers.

Keep Keepin’ On

About 15.6 percent of Texas seniors were still in the labor force in 2006, a significantly higher share than the national rate of 14.5 percent.



On-the-Job Experience

Resources abound for seniors seeking work.

In May 2008, 63-year-old Refugio County resident June Love was looking for summer work. A substitute teacher, Love needed a job until classes began in the fall.

A local work-force counselor told Love about Experience Works, a national nonprofit that provides training and employment services for low-income older workers. The Texas Workforce Commission contracts with Experience Works to manage the Senior Community Service Employment Program (SCSEP), which provides training and employment services to eligible low-income jobseekers aged 55 and older.

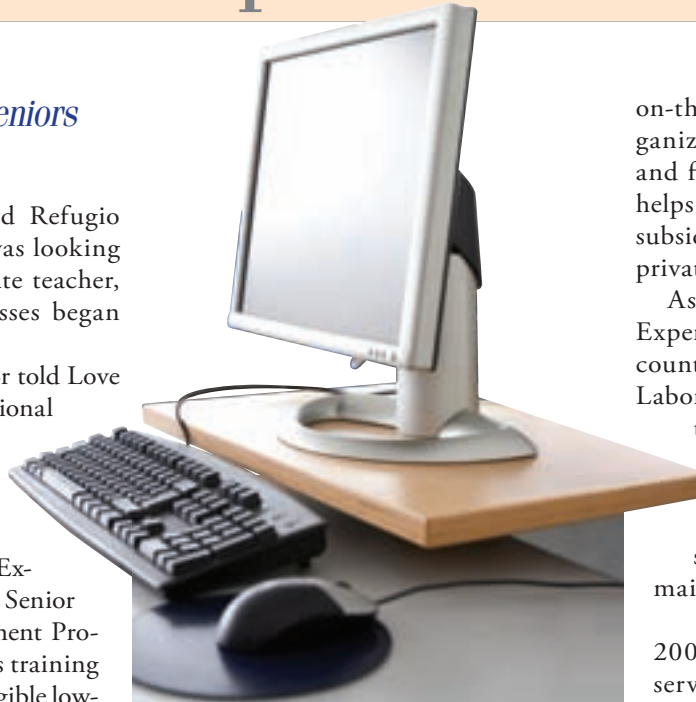
“This helps me to polish and keep my people skills fresh and add skills.”

– June Love, 63

Through Experience Works, Love secured a job at Workforce Solutions Golden Crescent in Victoria, where she helps other jobseekers obtain jobs, register to be eligible for unemployment benefits, build their resumes and find work.

“This helps me to polish and keep my people skills fresh and add skills,” Love says. “I’m brushing up on my Excel, Word and Access computer skills, too. I’m really happy that I found the program and am involved in it.”

Participants in SCSEP gain competitive job skills through paid part-time,



Aging Texas Well

The Texas Department of Aging and Disability Services' Aging Texas Well initiative provides resources for senior Texans. The program helps ensure that Texans prepare individually for aging in all aspects of life and that state and local infrastructure — laws, policies and services — support aging well throughout the lifespan. Visit the Web site, www.agingtexaswell.org, for more information and resources.

on-the-job training in nonprofit organizations, school districts and state and federal agencies. The program also helps participants find and secure unsubsidized employment with public and private entities.

As the state contractor for SCSEP, Experience Works serves 154 Texas counties. The U.S. Department of Labor (DOL) funds both state and national organizations to administer SCSEP and contracts with five national organizations to provide training and employment services to older Texans in the remaining Texas counties.

Between July 2007 and June 2008, Experience Works provided services to more than 1,180 low-income seniors in Texas and more than 610,000 hours of community services to local agencies, which serve as training sites. Experience Works' federal SCSEP project, funded by the DOL, served more than 1,050 seniors for the same time period.

In addition to working part-time, Love is pursuing her teacher certification in elementary education so she can teach full-time.

“I’m making whatever career choices I need to make to obtain viable employment,” she says. “Experience Works is certainly providing me with the office interaction and the office skills that I need to be successful in another environment.” **FN**

Who is Eligible?

Senior Community Service Employment Program participants must:

- be at least 55
- have a family income of no more than 25 percent above the federal poverty level, which is \$21,200 for a family of four or \$14,000 for a family of two. Enrollment priority is given to persons over age 60, veterans and qualified spouses of veterans.

For more information and a list of SCSEP contacts by county, please visit the Texas Workforce Commission at www.twc.state.tx.us. For more information on Experience Works, call (877) 781-9953 or visit www.experienceworks.org.

Saving for Retirement Day

Financial sacrifices now equal security later.

Dr. Michael Roberson, 63, and his wife Becky, 61, of Duncanville, own a dentistry practice and aren't ready to retire. But 25 years ago, they started investing in IRAs for when that time would come.

"You're not necessarily going to drop dead at 70," Becky says. "We saw early on that you better have a lot of money put away."

While increased longevity, fewer guaranteed retirement income programs and shrinking returns on investments have contributed to decreased retirement savings, many Texans can still reap retirement's rewards with proper planning.

Nationally, men who turned 65 in 2007 can expect to live about another 17.5 years, up five years since 1940, while women of the same age will live another 20 years, according to Social Security statistics. Today, one out of four 65-year-olds will live past age 90. One in 10 will live past age 95.

The Robersons won't claim their Social Security benefits until they reach full retirement age of 66 in order to avoid income

restrictions. They'll continue building their IRAs and will keep their 38-year-old practice open for several more years. But for one in four baby boomers, working past age 65 isn't a want, it's a must.

Planning Ahead

Changes from a manufacturing to a service economy, high employee turnover and the cost burden of pensions have shifted the onus of saving and investing to the employee. Nationally, from 1992 to 2005, the share of private industry workers participating in pension plans decreased from 32 percent to 21 percent.

Employer-based retirement savings programs such as the 401(k) are a good start, but unlike Social Security, these accounts do not adjust for inflation.

Dallas retiree Jim Artz, 68, was automatically enrolled in a profit-sharing pension at American Desk Manufacturing of Temple, where he worked for 25 years. But Artz didn't rely on just that for his nest egg. He has invested in the stock market since his 20s.

"My family didn't have a lot of money growing up," says Artz. "Whenever I was able to start saving, I did."

His commission-based wages resulted in some years in which his family would barely scrape by, and other years when he could put \$20,000 to \$30,000 into savings.

Many Texans who have pensions are finding additional ways to build their savings. Bob Buehler, 60, and his wife Ginger, 53, received pensions after completing nearly 30-year careers in state government. But in their 40s, they realized they needed more savings if they were going to retire without reducing their standard of living. They each opened 401(k) and 457 savings accounts offered by the state and contributed the maximum. They now travel and spend time at their West Texas ranch.

Career-free Living

A rule of thumb often quoted by investment and retirement advisers states that annual retirement income should be equal to about 70 to 80 percent of pre-retirement wages. The Buehlers, who began saving for retirement while in their 40s, had no intention of cutting living costs after they retired in 2007. In fact, they were told their expenses were likely to increase.

A Long Haul

About 74 percent of middle-income Texans who are 58 years old and expect to retire at 65 are at risk of outliving their assets, according to a June 2008 study by Ernst & Young LLP. Nearly 60 percent of Texans newly retired at 65 run the same risk. Nationwide, more than half of the 77 million baby boomers have not saved enough to sustain a long retirement.



Dr. Michael and Becky Roberson

Photo by Barbara Schlieff

Time to Grow

If you plan to retire at 65 years old and invest 8 percent of your salary in a 401(k), time is on your side. See how your retirement contributions add up:

Age	Salary	Monthly Investment	Rate of Return	Savings
25	\$35,000	\$233	8%	\$818,828
35	\$50,000	\$333	8%	\$499,598
45	\$65,000	\$433	8%	\$256,746
55	\$80,000	\$533	8%	\$98,160



"We did a lot of make-up for not saving early on," says Bob.

In order to ease the transition of his anticipated retirement in 2004, Artz began tracking his family's expenses in 2001. Having already avoided debt all of his life, he kept his spending reasonable and began reporting every purchase of more than \$30 on a spreadsheet.

No Guarantees

Social Security is still the main source of guaranteed retirement income of individuals aged 65 and older, accounting for about 40 percent of that income, followed by pensions and annuities at 20 percent.

Wages and salaries make up about 25 percent of retirement income, and income from assets is 14 percent.

A married couple with \$75,000 of pre-retirement income and a pension plan have a 31 percent probability of outliving their financial assets as new retirees. A couple at age 58, seven years away from retirement and with the same income, is estimated to have a 57 percent probability of outliving their assets. Several factors, including insufficient savings and market volatility, contribute to this rise.

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Bob and Ginger Buehler

Photo by Barbara Schlieff

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Saving for Retirement Day

The 58-year-old would need significantly more savings to achieve the same retirement preparedness as a new retiree at age 65. For example, a married couple near retirement with a \$75,000 income and covered with a pension would need to increase savings from 9 percent to 30 percent for the next seven years to reduce the probability of outliving assets to the same level as the retired couple.

"Few mistakes can do more damage more quickly than selling during a major stock market decline. If the investor sells shares during a decline, he could lock in losses that it may take years to recover."

— Glenda Summers, certified financial planner



Saving Made Easy

Money may be tight, but small adjustments in spending can make a big difference. Ways to save:

- Raising the deductible on car and homeowners insurance could save you up to 15 percent.



- If you save \$5 per workday by bringing lunch from home you could accumulate up to \$1,300 a year, or \$108 a month. Brown bagging it three times a month saves \$234 a year. If invested for 30 years, that could grow to \$29,000.

Finding Calm in Rough Waters

In her 21 years as a financial planner, Glenda Summers of the firm Lucien, Stirling & Gray in Austin, has seen people fall into several common pitfalls of saving, the first of which is panic.

"Few mistakes can do more damage more quickly than selling during a major stock market decline," she says. "If the investor sells shares during a decline, he could lock in losses that may take years to recover."

Summers says a working person should have three to six months of emergency savings, while a retiree should have a year or more of emergency savings. And bear in mind that inflation can eat away at those savings.

"It's very important that you invest in such a manner as to decrease the risk of loss of purchasing power due to inflation," she says.

She recommends having diverse investments to keep ahead.

"Too many people move too much money at retirement to CDs, bonds and money markets," she says. While these are considered safe short-term investments they rarely keep pace with inflation over the long haul — a retirement that may last several decades. **FN**

For more information on retirement planning and Social Security benefits visit www.ssa.gov.



- Opt for more exemptions on your federal taxes. Invest the monthly savings instead of taking a large tax return.

- Send a portion of raises and extra money to your retirement account.

- Turn date night into savings: cut out one entertainment outing a month and save \$600 a year.

It's All Done With Mirrors

The rise of concentrating solar power

When you hear about solar power, you may think of the solar panels cropping up on everything from homes to digital calculators, devices that yield relatively small amounts of power for immediate use.

But a lesser-known form of solar power can do far more. Concentrating solar power, or CSP, can produce electricity on an industrial scale — enough to power a city, or to make a significant daily contribution to the power grid.

While the photovoltaic (PV) cells in solar panels turn sunlight directly into electricity, CSP uses mirrors to focus the sun's rays on vessels filled with a heat-transfer fluid, such as molten salt. The heat absorbed by this fluid then is used to create steam and power a turbine.

CSP's land needs are large, but so is its power potential. The U.S. Department of Energy estimates that CSP installations covering about 9 percent of Nevada's land area could power the entire nation.

CSP has one drawback compared to PV systems: its need for intense, direct sunlight. "[CSP] relies on direct solar radiation," says Steven Wiese of Clean Energy Associates. "Flat-plate photovoltaics can use any kind of sunlight, whether it's direct from the sun or diffused — scattered by clouds or pollution or even bounced up off the ground."

But that limitation is countered by a huge advantage. PV systems make electricity only when they are struck by sunlight. Fluids heated by CSP installations stay hot for hours after the sun goes down, allowing them to continue making steam and producing power.

CSP's demand for intense sunlight makes the Southwest the most promising area for its development in the U.S. "The very best regions in the country are Nevada, Arizona, New Mexico, the Mojave Desert in California and the far-western fringe of Texas," says Wiese.

Power to Market

Today, the United States and Spain are world leaders in the development of CSP. A recent report in *Renewable Energy World* indicated that Spanish CSP projects capable

of producing 800 megawatts of energy are operating, under construction or planned.

In the U.S., CSP systems currently produce about 419 megawatts of power in all, but many more are planned. Texas does not yet have a major CSP installation, but San Antonio's CPS Energy recently released a request for proposals to build up to 100 megawatts of solar electricity generation for the city, a bid that should attract CSP-related offers.

One major hurdle facing CSP in Texas also affects the development of wind energy — a lack of adequate power transmission facilities to link far West Texas with the power grids that serve most Texans. Recent legislation intended to benefit wind energy, however, may come to the aid of solar power as well, by extending new transmission lines to these distant areas.

According to Wiese, the new transmission lines may well do double duty.

"In West Texas, wind and solar resources in general [reach their peak] at different times," he says. "Wind farms generally produce power in the evening hours. If you put a solar plant out there, you can better use that same transmission capacity. You may not need another transmission line, because you're using the line at a different time of day." **FN**

To learn more about CSP technology and its potential, visit www.fiscalnotes.com.

Concentrating solar power can produce electricity on an industrial scale — enough to power a city.



**The Solúcar Platform
near Seville, Spain**



Photo courtesy of Abengoa Bioenergy

Brief Bytes

Giving Their Time

More than 48,000 volunteers 55 years old and older contributed their time to Texas Senior Corps programs in 2007.

Texas Senior Corps, which is part of the federal Senior Corps initiative, is a volunteer partnership that oversees three programs — Foster Grandparents, Senior Companions and the Retired and Senior Volunteer Program (RSVP).

The Foster Grandparents program in 2007 served more than 14,000 young Texans in schools and day care centers. They provided emotional support for children who may have been abused, suffered a severe illness or require other special needs.

The Senior Companions program, meanwhile, helped more than 1,400 homebound seniors and other adults with tasks such as grooming and getting to doctor appointments.

RSVP volunteers performed various functions within the community. They conducted safety patrols for local police departments, participated in environmental projects, tutored and mentored youth and responded to natural disasters. In all, they gave more than 5 million hours of their time.

Texas Senior Corps officials anticipate an influx of volunteers as the baby boomer generation enters its senior years. This generation, they say, is looking for challenges in volunteering that go hand in hand with their career skills.

“It’s important that we have volunteers engaged,” says Diana Corona, president for the Texas Senior Corps. “It improves their mental health, physical health and longevity.”

For more information visit www.texaseniorcorps.org.

(Tracey Lamphere)

Execs: Texas has Best Business Climate in the U.S.

Texas has the best business climate in the nation, according to a new survey of U.S. corporate executives.

The “Winning Strategies in Economic Development Marketing” survey, conducted every three years by Development Counsellors International, has tracked trends in economic development since 1996. This is the fourth consecutive time Texas has been ranked No. 1 in the survey.

Texas was the favorite among the 281 respondents to the survey, with 40.8 percent identifying the state as having the most favorable business climate. North Carolina ranked second with 30.4 percent.



The corporate decision-makers who named Texas as having the most favorable business climate most frequently cited the state’s tax climate, work force cost and availability, and pro-business climate.

Earlier this year, CNBC ranked Texas as the nation’s top state for business and the best all-around economy in the U.S.

To read the full report, or to see how other states stacked up against Texas in the “Winning Strategies in Economic Development Marketing” survey, visit www.aboutdci.com/winningstrategies.aspx.

(Michael Castellon)



Learning by Traveling

When they travel, particularly for educational purposes, seniors want small group size, hands-on learning, “on theme” meals and accommodations, free time to explore and more affordable programs with lots of activities. That’s according to a 2005 research report by Elderhostel, the world’s largest educational travel organization for adults 55 and older.

Launched in 1975, the nonprofit Elderhostel provides learning programs to nearly 160,000 people each year, offering 8,000 trips a year in more than 90 countries.

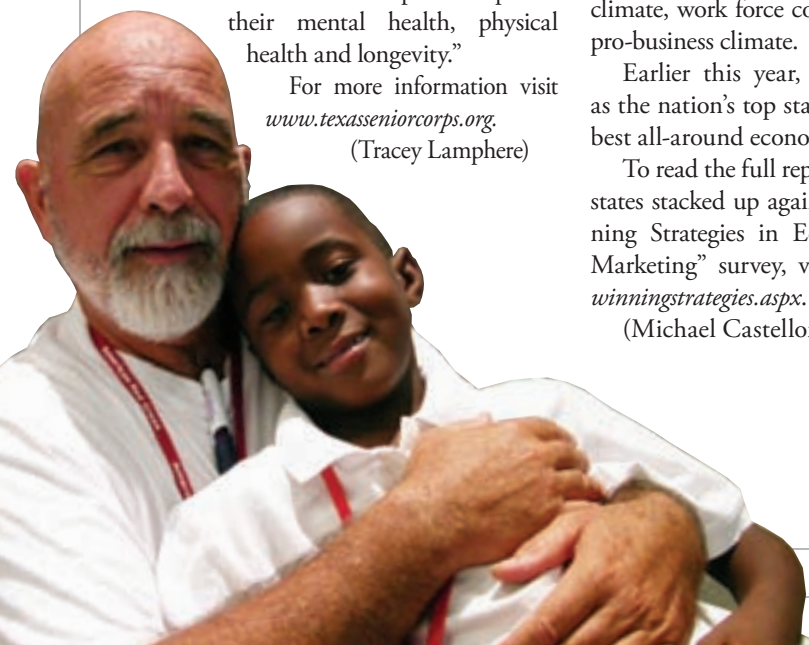
In Texas, Elderhostel programs are offered by the University of Texas (UT)-Austin, Texas A&M University, the UT Marine Science Institute in Port Aransas and the Davis Mountains Education Center, among others.

This year, Elderhostel-sponsored programs include a visit to the Rockport Hummingbird Festival; a tour of San Antonio’s missions, River Walk and museums; and a trip to El Paso and Big Bend, with stargazing at the McDonald Observatory in the Fort Davis Mountains.

“We provide 20 hours of academics in a typical five-night program,” says Nancy Seelig, director of the UT-Austin Elderhostel Program. “Each program includes lectures by experts in their field, field trips and excursions, accommodations, most meals and transportation within the program. The camaraderie of the group is another important component.”

For more information, visit www.elderhostel.org or call (877) 426-8056, or contact the UT-Elderhostel Program at (512) 471-3500.

(Karen Hudgins)



Texas Seniors Are Game

For nine exciting days in September, spectators cheered their favorite competitors in basketball, cycling, dominoes, golf, softball, swimming, tennis, triathlon and a host of other events. The unusual twist on this event? Competitors must be 50 years or older to compete.

The City of Temple hosted the Texas Senior Games Association (TSGA) this year. At the conclusion of the events, the TSGA board identified athletes qualified to represent Texas at the 2009 Summer National Senior Games in the San Francisco Bay Area. Houston is preparing to host the 2011 Summer National Senior Games.

For more information, visit the Texas Senior Games Association at www.tsga.org.
(David Rivers)



Photo: Tracy Klusacek



Opportunity 2.0

Senior citizens experience the digital divide in a big way and, as a result, often lack the opportunity to communicate with loved ones, shop online or access customized news and information with the ease of younger generations of Web users.

But thanks to a special collaboration spearheaded by the U.S. Department of Housing and Urban Development (HUD), senior residents of the Sandstone Foothills Apartments in Mineral Wells are among the first rural Texas seniors to go high-tech thanks to a new Neighborhood Network Learning Center. The facility at Sandstone Hills is just the latest in a series of similar centers popping up across the state in an effort to bring more seniors online.

The Neighborhood Networks Program, which was created in 1995, encourages property owners and managers in HUD-assisted multifamily housing to provide residents with access to computers, and thus an opportunity for self-sufficiency.

The centers are operated by volunteers who train users in the ways of e-mail and other common Web activities.

A. Cynthia Leon, HUD's regional director, says the program provides a powerful asset to the community.

"Here in Texas, there are currently 23 properties with Neighborhood Networks computer centers, with four more in the planning stages, and they benefit young and old alike," Leon says. "Computer literacy is a critical job skill. Computers help people search for a job, they help children with their school work, and allow people to connect with friends and loved ones."

For more information on participating in the Neighborhood Networks Program, or to become a volunteer, visit www.hud.gov/offices/hsg/mfh/nnw/nnwindex.cfm.

(Michael Castellon)

Retire in Texas

The Texas Department of Agriculture is pitching the joys of retirement in Texas. While Texas has always been big on tourism, Agriculture Commissioner Todd Staples wants to make those visitors a little more permanent through the GO TEXAN Certified Retirement Community Program.

"Texas presents many reasons that make it easy to GO TEXAN, and people around the globe are pulling up stakes and heading to Texas to spend their golden years," Staples says. "Not only do retirees have a significant economic impact on retirement areas, but they also bring a wealth of knowledge and energy for community service, employment and business."

House Bill 1982 established the program, which is administered by Texas Department Agriculture. Its goals are to promote Texas as a retirement destination, assist Texas cities in marketing their retirement communities and encourage tourism trips to Texas in order to evaluate the state as a retirement location.

For more information, visit www.retireintexas.org.
(David Rivers)

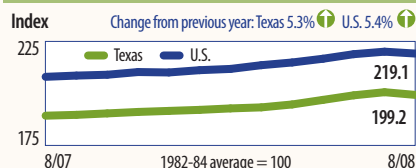


Texas by the Numbers

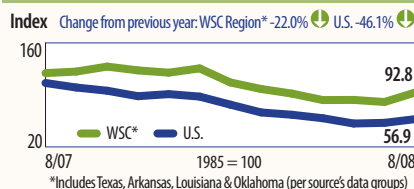
Key Texas Economic Indicators

If it were not for Texas' job growth, the nation would have seen a net loss of jobs over the past twelve months. While Texas gained almost 252,000 jobs, the nation lost 283,000 jobs. Texas added jobs in all major industries except information and manufacturing. Even with a drop in housing permits, the state's construction employment grew in response to non-residential and highway construction. Year-to-year inflation in the U.S. increased by 5.6 percent in July, the fastest rate since January 1991; in August, the rate was nearly as high, at 5.4 percent.

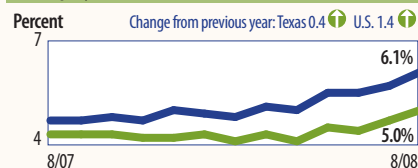
Consumer Price Index



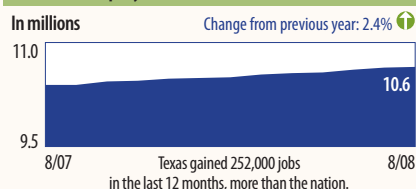
Consumer Confidence Index



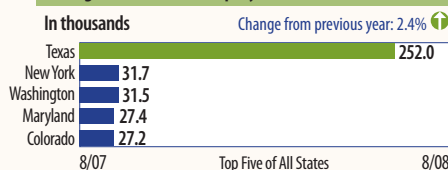
Unemployment Rate



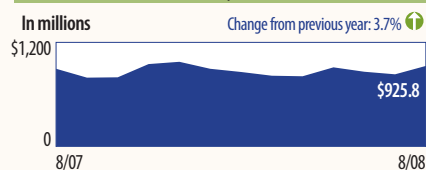
Nonfarm Employment



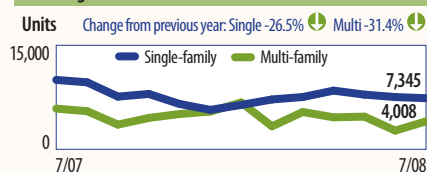
Change in Nonfarm Employment



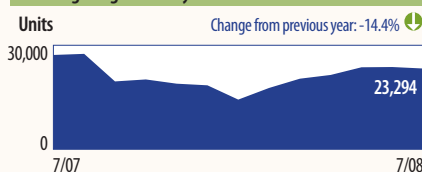
State Sales Tax Collections, Retail Establishments



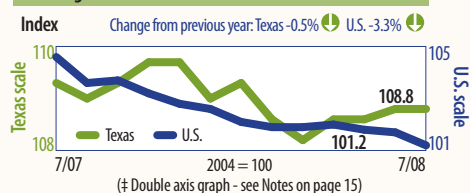
Housing Permits



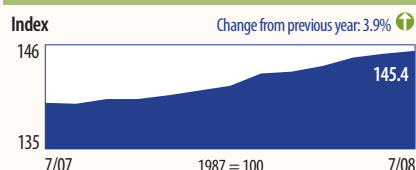
Existing Single-family Home Sales



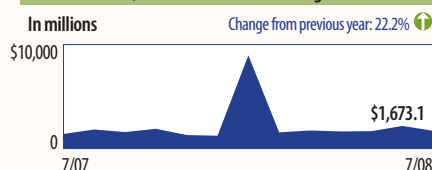
Leading Economic Indicators Index



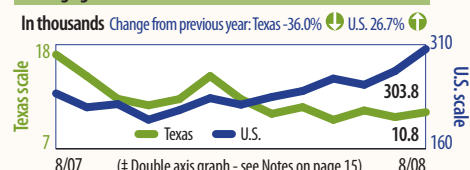
Industrial Production Index



Contract Value, Non-Residential Building Construction



Mortgage Foreclosures



Texas Production and Consumption Indicators

	Crude Oil Production	Natural Gas Production	Active Oil & Gas Drilling Rigs	Motor Fuels Taxed		Median Sale Price, Existing Single-family Home	Auto Sales	Cigarettes Taxed
	Value	Value	Units	Gasoline	Diesel	Dollars	Net Value	Packages of 20
Date	(Millions)	(Millions)		(Millions of Gallons)			(Millions)	(Millions)
2006	\$19,657.5	\$19,852.1	746	11,372.8	3,731.6	\$143,100	\$45,756.2	1,280.2
2007	20,893.0	24,201.1	834	11,624.8	3,886.9	147,500	48,500.6	1,085.8
Jun-07	\$1,556.1	\$2,156.4	834	1,002.3	326.8	\$155,000	\$4,159.0	89.5
Jul-07	1,769.9	2,055.0	831	978.2	326.3	152,200	4,368.3	96.2
Aug-07	1,790.1	1,925.8	844	974.3	320.5	152,700	4,383.8	151.3
Sep-07	1,948.8	1,834.9	837	1,021.1	360.6	146,900	4,294.2	29.3
Oct-07	1,958.8	2,191.0	842	939.6	315.9	143,500	4,303.5	96.1
Nov-07	2,311.3	2,279.3	860	1,025.7	371.5	144,900	3,678.9	92.8
Dec-07	2,225.6	2,431.5	884	965.8	342.4	147,600	3,828.5	88.2
Jan-08	2,332.2	2,578.6	858	985.8	313.7	138,900	4,034.0	76.7
Feb-08	2,270.8	2,667.3	866	954.2	343.2	142,700	3,840.8	80.2
Mar-08	2,528.4	3,218.3	881	940.6	324.1	147,000	3,940.0	79.1
Apr-08	2,651.1	3,359.4	887	1,010.4	281.1	146,800	3,957.8	90.5
May-08	2,961.9	4,054.9	906	975.8	343.1	150,700	3,791.7	98.3
Jun-08	3,001.5	4,232.0	923	1,018.3	331.5	155,000	4,051.0	89.6
Jul-08	3,084.1		920	954.0	321.3	153,800	4,148.3	93.3
Aug-08			934	982.3	342.5			80.9

August Cash Condition¹

(Amounts in millions)	General Revenue	Other Funds	Total Cash
Beginning Balance August 1, 2008	\$11,480.5	\$21,174.0	\$32,654.5
Revenue/Expenditures			
Revenue	6,824.0	2,301.4	9,125.4
Expenditures	4,687.4	2,185.8	6,873.2
Net Income (outgo)	\$2,136.6	\$115.6	\$2,252.2
Net Interfund Transfers and Investment Transactions	\$-3,805.4	\$5,013.1	\$1,207.7
Total Transactions	-1,668.8	5,128.7	3,459.9
End Cash Balance August 30, 2008²	\$9,811.7	\$26,302.7	\$36,114.4

¹ Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.

² The ending General Revenue Fund Balance includes \$0 billion derived from the sale of cash management notes.

State Revenue/All Funds¹

(Amounts in millions)	Monthly Revenue August 2008	Fiscal Year-to-Date Sept. 2007-Aug. 2008 Revenue	% Change YTD/YTD
Tax Collections by Major Tax			
Sales Tax	\$2,008.0	\$21,604.1	6.6%
Oil Production Tax	159.2	1,436.9	72.1
Natural Gas Production Tax	307.4	2,684.6	41.6
Motor Fuel Taxes	259.7	3,101.5	1.6
Motor Vehicle Sales Tax	280.5	3,341.6	0.5
Franchise Tax	117.5	4,451.3	41.6
Cigarette & Tobacco Taxes	114.0	1,446.9	8.5
Alcoholic Beverages Tax	66.2	784.1	7.2
Insurance Companies Tax	288.3	1,450.2	7.7
Utility Taxes ²	63.8	503.9	-0.4
Inheritance Tax	0.0	5.6	5.5
Hotel/Motel Tax	34.5	371.0	8.9
Other Taxes ³	63.4	1,204.8	-8.1
Total Tax Collections	\$3,762.4	\$42,386.5	11.3%
Revenue by Receipt Type			
Tax Collections	\$3,762.4	\$42,386.5	11.3%
Federal Income	2,717.5	26,461.4	7.8
Interest and Investment Income	148.1	2,706.4	-3.0
Licenses, fees, permits, fines,	878.3	10,365.0	46.6
Contributions to Employee Benefits	782.2	5,206.8	8.2
Sales of Goods and Services	72.8	495.9	-8.0
Land Income	101.5	1,050.0	39.8
Net Lottery Proceeds ⁴	115.5	1,597.5	2.9
Other Revenue Sources	547.0	7,194.9	3.8
Total Net Revenue	\$9,125.4	\$97,464.4	11.9%

¹ Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Includes the utility, gas utility administration and public utility gross receipts taxes.

³ Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.

⁴ Gross sales less retailer commissions and the smaller prizes paid by retailers.

Notes:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasohol. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. [† Double axis graphs: Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

Sources:

Key Texas Economic Indicators:

Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics
Consumer Confidence Index: The Conference Board
Leading Economic Indicators Index: Texas Comptroller of Public Accounts, The Conference Board
Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics
Nonfarm Employment: Texas Workforce Commission
State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts
Housing Permits, Existing Single-family Home Sales: The Real Estate Center at Texas A&M University

Industrial Production Index: Federal Reserve Bank of Dallas
Contract Value, Non-Residential Building Construction: McGraw-Hill
Mortgage Foreclosures: RealtyTrac

Texas Production and Consumption Indicators:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts
Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated
Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

State Expenditures/All Funds¹

(Amounts in millions)	Monthly Expenditures August 2008	Fiscal Year-to-Date Sept. 2007-Aug. 2008 Expenditures	% Change YTD/YTD
By Object			
Salaries and Wages	\$743.4	\$9,788.1	4.6%
Employee Benefits/Teacher Retirement Contribution	730.6	8,528.2	6.6
Supplies and Materials	90.5	928.0	16.1
Other Expenditures	274.4	2,717.4	6.1
Public Assistance Payments	3,095.5	32,545.7	8.1
Intergovernmental Payments:			
Foundation School Program Grants	141.2	18,030.0	28.3
Other Public Education Grants	563.3	4,671.3	2.9
Grants to Higher Education	89.0	1,042.8	5.6
Other Grants	164.6	2,263.6	13.3
Travel	14.3	150.9	11.5
Professional Services and Fees	106.8	1,907.5	0.3
Payment of Interest/Debt Service	232.3	977.6	12.7
Highway Construction and Maintenance	456.4	5,333.6	-5.7
Capital Outlay	52.9	476.5	24.5
Repairs and Maintenance	57.8	634.8	13.6
Communications and Utilities	62.4	517.8	12.9
Rentals and Leases	11.2	244.5	7.1
Claims and Judgments	7.3	106.5	29.0
Cost of Goods Sold	117.3	900.5	5.2
Printing and Reproduction	3.4	44.6	-0.4
Total Net Expenditures	\$6,873.2	\$91,810.0	9.9%

By Function

General Government			
Executive	\$495.5	\$5,760.8	9.7%
Legislative	10.5	123.1	-4.9
Judicial	27.5	245.2	8.8
Subtotal	533.5	6,129.1	9.3
Health and Human Services	2,997.2	31,155.0	7.1
Public Safety and Corrections	275.3	4,048.2	7.1
Transportation	648.3	7,823.5	-1.8
Natural Resources/Recreational Services	243.4	2,103.1	10.8
Education	1,168.7	30,939.1	16.9
Regulatory Agencies	40.3	313.8	27.7
Employee Benefits	641.3	7,421.1	7.9
Debt Service—Interest	232.3	977.6	12.7
Capital Outlay	52.9	476.5	24.5
Lottery Winnings Paid ²	40.0	422.9	8.5
Total Net Expenditures	\$6,873.2	\$91,810.0	9.9%

¹ Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Does not include payments made by retailers. Previously shown as "Other expenditures."

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.



FISCAL NOTES is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

FISCAL NOTES also provides a monthly summary of the financial statements for the State of Texas.

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Housing Trends

The top U.S. performers for housing growth based on total number of housing units, 2000 to 2007.



FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts

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